DIGEST

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Leger HB No. 348

Abstract: Removes the income schedule for calculation of the credit, increases the percentage for eligible costs for the rehabilitation of vacant and blighted owner-occupied structures from 10% to 50%, and decreases the amount of rehabilitation costs which qualify for the credit from $20,000 to $10,000. Extends applicability of this credit from tax years beginning on or before Dec. 31, 2012, to tax years beginning before Jan. 1, 2016.

Present law authorizes an individual income tax credit for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in a National Register Historic District, a local historic district, a Main Street District, a cultural products district, or a downtown development district, or such owner-occupied residential structure which has been listed or is eligible for listing on the National Register, or such structure which has been certified as contributing to the historical significance of the district, or a vacant and blighted owner-occupied residential structure that is at least 50 years old.

Proposed law retains present law but clarifies that a vacant and blighted owner-occupied residential structure may be located anywhere in this state.

Present law limits taxpayers to one credit per rehabilitated structure. Further provides that the total credit shall not exceed $25,000 per structure. In order to qualify for the credit, requires rehabilitation costs for the structure to exceed $20,000.

Proposed law retains present law but decreases the required rehabilitation costs in order to qualify for the credit from $20,000 to $10,000.

Present law requires the credit to be calculated using percentages of the eligible costs and expenses of the rehabilitation based on the adjusted gross income of the owner-occupant. If the residential structure is owned and occupied by two or more individuals, the credit shall be divided between the owner-occupants in proportion to their contribution to the eligible costs and expenses, unless they agree to an alternate division as follows:

(1) If the adjusted gross income is less than or equal to $50,000, the credit shall be 25% of the eligible costs and expenses of the rehabilitation.

(2) If the adjusted gross income is greater than $50,000 and less than or equal to $75,000, the credit shall be 20% of the eligible costs and expenses of the rehabilitation.

(3) If the adjusted gross income is greater than $75,000 and less than or equal to $100,000, the credit shall be 15% of the eligible costs and expenses of the rehabilitation.

(4) If the adjusted gross income is greater than $100,000, the credit is only available for the rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old, and the credit shall be 10% of the eligible costs and expenses of the rehabilitation.

Proposed law changes present law by removing the income provisions for calculating the credit.

Proposed law establishes the amount of the credit for the rehabilitation of an owner-occupied residential structure at 25% of the eligible costs and expenses. Further provides that multiple owners shall divide the credit in proportion to their contribution to the eligible costs and expenses for rehabilitation.

Proposed law changes present law as it relates to the rehabilitation of vacant and blighted owner-occupied residential structures by deleting the income requirement and increasing the percentage of the eligible costs and expenses of rehabilitation for which the credit applies from 10% to 50%.

Present law requires eligible structures to be owner-occupied residential property.

Present law provides that the maximum amount of tax credits allowed to be granted in any calendar year shall not exceed $10 million. Credit shall be granted on a first-come, first-served basis.

Proposed law retains present law.

Present law (§2 of Act No. 479 of the 2005 R.S., as amended by Act No. 188 of the 2007 R.S) provides that the provisions of present law shall be applicable until and including the tax years beginning on or before Dec. 31, 2012.

Proposed law extends applicability of this tax credit from tax years beginning on or before Dec. 31, 2012, to tax years beginning before Jan. 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends §2 of Act No. 479 of the 2005 R.S., as amended by Act No. 188 of the 2007 R.S., and R.S. 47:297.6(A)(1))